GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:104
ANSWERED ON:10.03.2005
SUBSIDY ON KEROSENE AND DIESEL
Barad Shri Jashubhai Dhanabhai

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Union Government is aware of the severe hardships being faced by the small and marginal coastal fishermen due to frequent rise in diesel and kerosene prices, particularly in Gujarat;

(b) if so, the relief measures proposed to be provided to alleviate their sufferings;

(c) whether the Union Government proposes to increase the subsidy on kerosene and diesel for the fishermen;

(d) if so, the details thereof; and

(e) the time by which the final decision in this regard is likely to be taken?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a)to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 104 BY SHRI JASHUBHAI DHANABHAI BARAD TO BE ANSWERED ON 10TH MARCH 2005 REGARDING SUBSIDY ON KEROSENE AND DIESEL.

(a): The public sector oil companies have not increased the selling prices of PDS Kerosene since April 2002 despite the increase in international prices. PDS Kerosene is a subsidized product and in addition to Government subsidy, Oil PSUs are bearing the substantial burden of subsidizing this product. PDS Kerosene is allocated at the subsidized rate to States/UTs, who, in turn, make their own arrangements to reach this product to entitled customers. Further, effective 19.8.2004, excise duty on PDS kerosene was reduced by 4% and customs duty by 5%. In the Budget 2005-06, the customs duty on PDS kerosene has been reduced from 5% to nil, and excise duty from 12% to nil.

(b): Government have taken a number of fiscal measures to contain the impact of the unprecedented rise and volatility in international prices of HSD. Effective 16-6-2004, the excise duty on diesel was reduced by 3%. Later, effective 19-8-2004, the excise duty on diesel was further reduced by 3% and customs duty by 5%. As regards Diesel, domestic diesel prices have been frozen since midnight of 4/5 November 2004.

(c) to (e): The "Fishermen Development Rebate on HSD" scheme implemented by the Ministry of Agriculture provides for a subsidy of Rs.1.50 per litre of HSD used by mechanized fishing vessels below 20 meter length.

The National Council of Applied Economic Research (NCAER) have been commissioned by the Ministry of Petroleum & Natural Gas to institute a scientific assessment of demand for kerosene in the country, an exercise not previously undertaken, and after their report is received (expected date; mid-May) decisions will be taken about the pricing and supply of kerosene for different sections of society, including fisherfolk.

As for diesel prices, these are kept under constant review.